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Tourism satellite account

Report of the World Tourism Organization on the tourism satellite account and related methodological outputs

Note by the Secretary-General

1. The Secretary-General has the honour to transmit to the Statistical Commission the report of the World Tourism Organization on the tourism satellite account (TSA) and related methodological outputs, which is contained in the annex to the present note.

2. The report describes the statistical design of a TSA and an update of the United Nations and World Tourism Organization *Recommendations on Tourism Statistics*,[1] including the provisional list of tourism-specific products (selective adoption and adaptation of the Central Product Classification[2] to the needs of tourism). It describes the process that has been followed in developing these products including the Enzo Paci World Conference on the Measurement of the Economic Impact of Tourism (Nice, 15-18 June 1999).

3. The drafts of the TSA (PROV/ST/ESA/STAT/SER.F/80) and update of the United Nations/World Tourism Organization *Recommendations on Tourism* Statistics including the provisional list of tourism-specific products (PROV/ST/ESA/STAT/SER.M/83/Rev.1) are before the Commission for its review and possible adoption.

Notes

[1] Statistical Papers, No. 83 (United Nations publication, Sales No. E.94.XVII.6).

[2] Statistical Papers, No. 77, Ver.1.0 (United Nations publication, Sales No. 98.XVII.5).

* E/CN.3/2000/1.

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Annex

Tourism satellite account and related methodological outputs

1. Five years ago, when the design of a tourism satellite account (TSA) was being considered, a number of options were reviewed, as the recommendations concerning the construction of functional satellite accounts allowed for great flexibility in establishing the link of such accounts to the central framework of the System of National Accounts, 1993 (1993 SNA).[a] It was decided[b] that the consistency of the TSA with the main aggregates of the 1993 SNA, such as gross domestic product (GDP), was to be considered a basic requirement. As a consequence, the production boundary adopted for the TSA was totally consistent with that of the 1993 SNA.

2. The fundamental structure of the TSA is based on the general balance existing within an economy between the demand for goods and services generated by tourism, and their supply. The aim is to analyse in detail all aspects of demand for goods and services that might be associated with tourism within the economy, to observe the operational interface with the supply of such goods and services within the same economy of reference, and to examine how this supply interacts with other economic activities.

3. The elaboration of such a set of concepts, definitions, classifications, tables and aggregates for the analysis of tourism would not have been possible without the development of tourism statistics which was fostered by the World Tourism Organization International Conference on Travel and Tourism Statistics held in Ottawa in 1991, the adoption of the United Nations/World Tourism Organization *Recommendations on Tourism Statistics* in 1994,[c] the publication of the 1993 SNA in 1994, the International Monetary Fund (IMF) *Balance of Payments Manual*, 5th ed. (BPM5) in 1993,[d] and the European System of Accounts: ESA 1995 (ESA95) in 1995,[e] the contributions of the Organisation for Economic Cooperation and Development (OECD) in bringing out instruments of statistical analysis of tourism and, last but not least, the experience of countries that were already using such an instrument (among which, Canada deserves a very special mention). Because of all these different inputs into the design of the TSA, the tourism satellite account (TSA): methodological references may rightly claim to be a new international statistical standard that could allow for valid comparisons from country to country and between groups of countries. Nevertheless, it is clear that regional organizations might need to make some adjustments in order to take into consideration the specificity of their member countries.

4. Since the beginning of the process in 1995, the focus has been on the development of an adequate representation both of the specific aspects of tourism, and of the special characteristics of the information corresponding to tourism products and activities. The topics debated can be classified in two broad categories:

(a) Concepts: It was necessary to define the scope of tourism so that it could be included within the framework of the national accounts (following chap. XXI of the 1993 SNA, this required defining the goods and services specific to tourism). It was also necessary to define the basic concept of demand associated with tourism (visitor consumption) in which tourism business expenses (limited to the expenditures on transport and accommodation of employees on business trips and those incurred by business on behalf of guests outside their usual environment) were also to be included. Finally, the detailed study of tourism consumption led, for instance, to the identification of a specific tourism activity to be associated with the ownership of a second home used mainly for tourism purposes;

(b) Presentation of results: The special focus of the TSA required many adjustments to the classical presentation of national accounts data, among which were the following: a reclassification of goods and services; the identification of tourism industries as the set of establishments whose principal activity was a tourism-characteristic activity; a net valuation of package tours and of the services provided by tourism agencies; and the breakdown of the value of goods acquired by visitors between the distribution margins and the rest of the value of the goods.

5. Besides these technical aspects, the statistical design had to take into consideration the fact that its implementation would occur in countries at very different stages of statistical development in tourism.

Even the countries more advanced in that matter did not possess the whole set of statistical information that was required for the full compilation of the proposed TSA. For this reason, it was necessary to consider a design that would allow for gradual implementation and, consequently, also for gradual international comparability of results. This gradual procedure has two main aspects:

(a) The different priority assigned to the 10 tables that make up the proposal (the basic core of the TSA in the first stage of its implementation is related to tables 1-7 and 10). As a consequence, these are the tables (and the associated aggregates) to be used for international comparison, for the time being;

(b) The limitation in the level of aggregation of products and activities to be used initially for international comparability of results (and of the associated tourism-characteristicity of products).

6. It must be emphasized that the World Tourism Organization was not alone in developing the statistical design of the TSA. Other institutions such as OECD[f] and the Statistical Office of the European Communities (Eurostat)[g] were also involved, and without their contributions, the project would not have achieved culmination (see appendix). Agreements were reached on the treatment of different issues, most of them crucial to the project, such as the identification of the aggregates required to characterize the size of tourism, the clarification of the boundaries of visitor consumption, and the determination of the scope of consumer durables and of tourism gross fixed capital formation. However, agreements do not necessarily mean that views on the proposal are unanimous. This should not be expected, as major homogeneity in the statistical infrastructure of the member countries of OECD and Eurostat might lead to the establishment of stricter criteria for the definitions and accounting rules and to differences in the presentation of results, as has been the case in Europe, for instance, as regards the ESA95.

7. In September 1999, more than two months after the celebration of the World Tourism Organization Enzo Paci World Conference on the Measurement of the Economic Impact of Tourism, the creation of an Intersecretariat Working Group of the World Tourism Organization, OECD and Eurostat, with the object of establishing a common conceptual framework for the development of the methodological design of the TSA and promoting its implementation in their member countries, became the guarantee of a new, promising collaboration. The presentation of this new statistical instrument is the first result of this collaboration, but it will not be the last: the next step should be the development of a common questionnaire where the different levels of aggregation and coverage of the results of TSAs (required by the different organizations and related, for the time being, to the basic core of the proposal) could find their place.

8. Existing international recommendations and the development of tourism statistics in the last years have had a decisive contribution to make to the realization of this project. At the same time, it became clear that an update, in various areas of the 1994 United Nations/World Tourism Organization *Recommendations on Tourism Statistics* was necessary that would:

(a) Clarify terminology that seems ambiguous with respect, for instance, to the use of the concepts of residence and of economic territory, transpose the concept of household final consumption to that of the consumption of visitors, and create a new subcategory of same-day visitors such as "in-transit visitors". As a consequence, an update of four paragraphs within the first three chapters of part one, as well as some formal adjustments to some others, had been proposed;

(b) Enhance the scope of the analysis of the economic impact of tourism, which is currently restricted to the component of visitor consumption in cash. As a consequence, a completely new wording for part one, chapter VI, is proposed, as well as for part one, chapter I, section B, entitled "The need for tourism statistics";

(c) Eliminate part one, chapter VII, on further work to be carried out by the World Tourism Organization, this being appropriate since that work has already been achieved.

9. The 1994 United Nations/World Tourism Organization *Recommendations on Tourism Statistics* considered a classification only of tourism activities, namely, the Standard International Classification of Tourism Activities (SICTA), included as part two of the *Recommendations*. The development of the TSA requires the establishment also of a list of products specific to tourism, referring exclusively to those consumption goods and services that are acquired by visitors, with the object not only of its constituting a component of the list of tourism activities adopted in

1994, but also of its being used immediately in the measurement of the economic impacts of tourism. As a consequence, a provisional list of tourism-specific products (TSP) (related to visitor consumption) is included as a new part three of the *Recommendations*. This entails an additional adjustment to the present part one, chapter IV, of the publication in order to bring it into line with the new part three.

10. The presentation of the drafts of the TSA and update of the *Recommendations* including the provisional list of tourism-specific products must be understood as a first step in a process of methodological development of this new statistical instrument and as a building process with respect to guiding countries in the development of their own system of tourism statistics, the main objective being the completion of the TSA, which could be viewed as a synthesis of such a system. Consequently, its progressive implementation by countries will make it necessary in the future to update some of the recommendations included in this proposal, if adopted, as well as to promote new developments regarding classifications of products and activities, broader fields of application (national tourism indicators, balance-of-payments analysis, the regional level), specific modules (employment, government revenues) and other elements.

Notes

[a] Commission of the European Communities, International Monetary Fund, Organisation for Economic Cooperation and Development, United Nations and World Bank, *System of National Accounts, 1993* (United Nations publication, Sales No. E.94.XVII.4).

[b] In the World Tourism Organization Steering Committee (created after the Ottawa Conference, 1991) and the Organisation for Economic Cooperation and Development (OECD) Statistical Working Party of the Tourism Committee.

[c] Statistical Papers, No. 83 (United Nations publication, Sales No. E.94.XVII.6).

[d] Washington, D.C., International Monetary Fund, 1993.

[e] European Commission, *European System of Accounts: ESA 1995*, Luxembourg, Office for Official Publications of the European Communities, 1996.

[f] In 1992, OECD developed its tourism economic accounts; and in 1995, it issued its first guidelines for a tourism satellite account.

[g] Eurostat developed a legal framework, adopted in 1995, for creating an integrated system of basic statistical information on tourism supply and demand within the countries of the European Union.

Appendix

Process followed in developing the TSA

1. Set out below is the process in developing the TSA followed from March 1995 to the time of presentation of the "tourism satellite account (TSA): methodological references" to the Statistical Commission.

2. The following table sets out some major features of the work of Eurostat, OECD and the World Tourism Organization.

Organization	*Date work began (month/year)*	*Number of participating countries*[a]	*Number of meetings*[b,c]	*Number of TSA drafts prepared*
World Tourism Organization	June 1996	37[d]	8	6
OECD	March 1995	29	11	6
Eurostat	October 1998	6	3	[e]

[a] Average number of countries participating in the meetings.

[b] Up to end-1999.

[c] The three organizations (World Tourism Organization, OECD and Eurostat) have always been invited to each other's meetings.

[d] An average of nine organizations and five industry representatives also participated in the World Tourism Organization's meetings.

[e] Eurostat has not sought to develop a new alternative to the design of a TSA.

3. The following experts have cooperated over the years in the preparation of the various documents presented:

Dr. A. Franz (Austria), former Head of National Accounts Department at the Austrian Central Statistical Office, and expert in tourism statistics and analysis;

Dr. D. Frechtling (United States of America), Associate Professor of Tourism Studies, George Washington University, and expert in tourism analysis and in the measurement of tourism economic impacts;

Mr. F. Hernandez (Spain), Head of the Department of Statistical Classifications in the Instituto Nacional de Estadística (National Institute of Statistics);

Mrs. M. Libreros (France), expert in national accounts and responsible for the various versions (six) of the World Tourism Organization proposal for a TSA;

Mr. A. Pisarski (United States of America), expert in tourism and transport statistics and classifications;

Prof. J. Quevedo (Spain), former President of the Instituto Nacional de Estadística (National Institute of Statistics) and Head of the National Accounts Department.

4. The following countries and areas participated in the Enzo Paci World Conference on the Measurement of the Economic Impact of Tourism (Nice, France, 15-18 June 1999):

Albania, Algeria, Andorra, Anguilla, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahrain, Belize, Benin, Bermuda, Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands, Burkina Faso, Canada, Cape Verde, Cayman Islands, Central African Republic, Channel Islands, Chile, China, Communauté flamande de Belgique, Comoros, Congo, Costa Rica, Côte d'Ivoire, Cuba, Denmark, Djibouti, Dominican Republic, Ecuador, Egypt, Estonia, Fiji, Finland, France, French Polynesia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Haiti, Holy See, Hong Kong Special Administrative Region of China, Hungary, India, Indonesia, Iran (Islamic Republic of), Israel, Italy, Jamaica, Japan, Jordan, Kenya, Latvia, Libyan Arab Jamahiriya, Lithuania, Luxembourg, Madeira, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mexico, Monaco, Montserrat, Morocco, Mozambique, Namibia, Netherlands, Netherlands Antilles, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Puerto Rico, Russian Federation, Rwanda, Saint Lucia, Saint Martin, Senegal, Seychelles, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Swaziland, Sweden, Switzerland, Thailand, the former Yugoslav Republic of Macedonia, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uzbekistan, Venezuela, Yemen, Yugoslavia, Zimbabwe.